

ACCOUNTING OF ALL RECEIPTS FROM LANDS DESCRIBED IN SECTION 5(f)  
OF THE ADMISSION ACT FOR FISCAL YEAR 2005-2006



Prepared by

THE STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES

In response to Section 5 of Act 178, Session Laws of Hawaii 2006

Honolulu, Hawaii

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## **ACCOUNTING OF ALL RECEIPTS FROM LANDS DESCRIBED IN SECTION 5(f) OF THE ADMISSION ACT FOR FISCAL YEAR 2005-2006**

This report is prepared pursuant to Section 5 of Act 178, Session Laws of Hawaii (SLH) 2006, which calls for the Department of Land and Natural Resources (DLNR) to provide an accounting of all receipts from lands described in section 5(f) of the Admission Act, for the prior fiscal year (FY).

Section 5 of Act 178, SLH 2006 states:

“Not later than January 1 of each year, the department of land and natural resources, with the cooperation of the department of budget and finance and any other state department or agency that uses or manages public lands, shall provide an accounting of all receipts from lands described in section 5(f) of the Admission Act for the prior fiscal year. With respect to each receipt, the department of land and natural resources shall identify:

- (1) The total gross amount;
- (2) The amount transferred to the Office of Hawaiian Affairs (OHA);
- (3) The amount retained by the State;
- (4) The account or fund in which the amount specified in paragraph (3) was transferred or deposited;
- (5) The parcel of land subject to section 5(f) of the Admission Act that generated the receipt, whether by tax map key number, department of land and natural resources inventory number, or other recognizable description; and
- (6) The state department or agency that received the total gross amount identified in paragraph (1).

The accounting shall also indicate whether any parcel of land described in section 5(f) of the Admission Act was sold or exchanged in the prior fiscal year and, if so, the amount of consideration that the State received for the respective parcels.”

## Methodology Used

In August 2006, a joint memorandum from the Department of Budget and Finance (B&F) and DLNR was sent to all departments informing them of the reporting requirements of Act 178, SLH 2006, for agencies that generate revenue from lands described in section 5(f) of the Admission Act. Agencies were instructed to submit their data to DLNR on a standardized spreadsheet template laying out the required data elements.

The following departments submitted revenue reports for FY 2005-2006:

- Accounting and General Services (DAGS)
- Agriculture (DOA)
  - Agribusiness Development Corporation (ADC)
- Business, Economic Development, and Tourism (DBEDT)
  - Foreign Trade Zone (FTZ)
  - Hawaii Community Development Authority (HCDA)
  - Natural Energy Laboratory of Hawaii Authority (NELHA)
  - Hawaii Housing Finance and Development Corporation (HHFDC)
- Education (DOE)
- Health (DOH)
  - Hawaii Health System Corporation (HHSC)
- Land and Natural Resources (DLNR)
- Transportation (DOT)
  - Airports
  - Harbors
  - Highways

The following departments did not submit revenue reports for FY 2005-2006:

- Human Services (DHS)
  - Hawaii Public Housing Authority (HPHA)
- University of Hawaii (UH)

The following procedures were performed in order to compile the data from these agencies:

- Agency reports were checked for completeness – total gross amount, amount transferred to the Office of Hawaiian Affairs (OHA), amount retained by the State, etc.
- The total amounts transferred to OHA and reported by the agencies were reconciled to the transfers on file at B&F and to the amounts reported as received by OHA.
- If the report was not complete or if the totals transferred did not agree with B&F or OHA records, DLNR staff contacted the agency representative for clarification, correction or resubmission of the report.
- Data was then compiled and summarized on the attached table titled “Summary of Receipts from Lands Described in Section 5(f) of the Admission Act by Department for Fiscal Year Ended 2005-2006.”
- As required by Act 178, SLH 2006, DLNR consulted with OHA in determining the method in which the accounting for this report was to be conducted.
- At OHA's request, DLNR also compiled a table identifying parcels that were sold or exchanged during this reporting period. (These transactions are already included and identified in the agency revenue reports, but are separately reported for convenience.)
- Responsibility for the accuracy of individual transactions continues to rest within each agency’s jurisdiction. Verifying the accuracy of such transactions was beyond the scope of the specified tasks prescribed in Act 178. Similarly, the confirmation of trust land status for each parcel was not conducted as part of this report.

In the process of reviewing and compiling data from the other agencies, DLNR encountered accounting systems with varying degrees of complexity and sophistication, and some agency systems had difficulty or were not readily capable of providing all of the required information (e.g., TMK parcel, etc.).

DLNR compiled its own departmental data using a program-specific automated system to sort the required data stored within its computerized real property management system known as SLIMS. Individual transactions in SLIMS are coded by encumbrance, tax map key and revenue account which greatly facilitated extracting and verifying the relevant data. It should be noted that though this system facilitated DLNR’s efforts to comply with the reporting provisions of Act 178, the SLIMS system is unique to DLNR’s land

management responsibilities and cannot be universally applied to other agency transactions.

There is a clear need for reliable and consistent data collection across state agencies in order to facilitate compliance with the reporting requirements of Act 178. This effort will require an in-depth analysis, as well as design, development, implementation and documentation of modifications to the various agencies' systems and procedures. We hope to also develop and implement a central database system to receive relevant data from these agencies and to produce the reports required by Act 178. This database system, together with the modified agency systems will not only facilitate and streamline reporting, but will lead to better coordination between agencies and to more effective use of existing staffing resources.

Summary of Receipts from Lands Described in Section 5(f) of the Admission Act by Department				
For Fiscal Year Ended 2005-2006				
ACT 178				
Department	Amount Retained by the State	Amount Transferred to OHA	Gross Receipt	Reference
Accounting and General Services	92,281.60	23,070.40	115,352.00	Attachment 1
Agriculture	395,777.10	98,944.27	494,721.37	Attachment 2
Agribusiness Development Corporation	197,292.89	38,014.57	235,307.46	Attachment 3
Business, Economic Development, Tourism				
Foreign Trade Zone	54,394.42	13,598.60	67,993.02	Attachment 4
Hawaii Community Development Authority	537,997.57	134,499.50	672,497.07	Attachment 5
National Energy Laboratory of Hawaii Authority	2,575,936.00	191,182.85	2,767,118.85	Attachment 6
Hawaii Housing Finance and Development Corporation	396,785.28		396,785.28	Attachment 7
Education	250,586.49	54,728.90	305,315.39	Attachment 8
Health				
Hawaii Health System Corporation	1,948,687.35		1,948,687.35	Attachment 9
Human Services				
Hawaii Public Housing Authority				No report submitted
Land and Natural Resources	15,814,592.54	3,989,341.75	19,803,934.29	Attachment 10
Transportation				
Airports	40,108,652.00		40,108,652.00	Attachment 11
Harbors	42,910,170.67	6,554,762.02	49,464,932.69	Attachment 12
Highways	3,852.00		3,852.00	Attachment 13
University of Hawaii				No report submitted
<b>Totals</b>	<b>105,287,005.91</b>	<b>11,098,142.86</b>	<b>116,385,148.77</b>	